

Item # 74

ADDITIONAL MATERIAL

Regular Meeting

AUGUST 20, 2019

SUBMITTED AT THE REQUEST OF

**ENVIRONMENTAL PROTECTION
and GROWTH MANAGEMENT**



Environmental Protection and Growth Management Department

ENVIRONMENTAL PLANNING AND COMMUNITY RESILIENCE DIVISION

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To: Broward County Board of County Commissioners

Thru: Henry Sniezek, Director

Environmental Planning and Growth Management Department

From: Dr. Jennifer Jurado, CRO and Director

Environmental Planning and Community Resilience Division

Date: 8/16/2019

Re: Agenda Item 74 – August 20, 2019 Commission Meeting – FEECA Resolution

On June 11, 2019 the Board considered Agenda Item 85, a resolution pertaining to the 2019 Florida Energy Efficiency and Conservation Act (FEECA) and a recommended 0.33% energy goal. At that time, the board opted to defer the item to allow staff to provide additional information regarding potential costs/benefits to rate payers with consideration of lower income households.

As requested, the attached provides a summary of staff research pertaining to the overall reach of the goal relative to average energy consumption, the predicted cost vs. benefit to FP&L customers, and opportunities for target delivery of energy efficiency programs to benefit lower income households.

Florida Energy Efficiency and Conservation Act Resolution
Additional Figures and Information

The following information is provided in follow-up board discussion at the June 11, 2019 Commission Meeting, Agenda Item 85 – A Resolution pertaining to the 2019 Florida Energy Efficiency and Conservation Act (FEECA). At that time, the board requested that staff provide additional information regarding the proposed 0.33% energy goal, with emphasis on the potential costs/benefits to rate payers and consideration of lower income households.

FPL has proposed energy conservation goals for 2020-2029 across its entire service territory of 4.9 million customers.

- **FPL's proposed annual 2020-2029 residential energy savings goal of 12 megawatt-hours (MWh) is less electricity than one house uses in a year (=14.4 MWh, assuming annual monthly use of 1.2 MWh, which is the figure used in FPL estimates).**
- **FPL's total annual savings goal of 120 MWh, which includes a 91 MWh business goal equates to less than 9 houses' electricity use in a year.**
- **The proposed goals are a 99.81% decrease from FEECA goals set in 2014, which themselves were a 82.92% reduction from the 2009 goals.**
- **The 2009 FEECA goals for FPL were over 3,000 times higher than FPL's proposal this year.**

Costs

Steven Sims from FPL commented at the June 11 Commission meeting that requiring utilities to meet a percentage-of-sales electricity savings goal (as proposed in Section 2 of the Resolution) would necessarily increase electric rates.

- He cited proposals with percentage goals considered in the 2014 FEECA proceeding and that "our analysis continues to show" that the cost to non-participants was on the order of \$500-700 over 10 years, or \$50-70 per year.
- His analysis was NOT based on the 0.33% target in the resolution. He appeared to be referencing 2014 proposals which suggested a 1% energy savings goal, or three times the goal proposed in Section 2.

Analysis of testimony by the Southern Alliance for Clean Energy (SACE), based on FPL's own numbers, suggests that **the annual cost of the 0.33% energy savings goal to a typical residential customer using 1,200 kilowatt-hours a month would be \$12.82**, or 74-82% less than estimates provided by FPL.

- This is less than a 1% increase in the rate. Given fixed charges on electric bills, the overall percentage increase on the bill would be even less.

Benefits

The 0.33% electricity savings goal would reduce customer electric bills over the 10-year period by an estimated cumulative present value of \$1.716 billion, according of analysis of testimony by SACE experts and the FPL proposal.

- If divided equally among all FPL customers (4,901,871 in 2017), this equates to \$350 in benefits over 10 years, or \$35/year.

- If divided equally among all residential FPL customers at or below 200% of the federal poverty level (approximately 1,592,128 customers in 2017), this equates to \$1,077 in benefits over 10 years, or \$108/year.
- These figures are not precise, but provide a general indication of the extent of benefits versus the costs. In reality, energy conservation goals are subdivided into residential and commercial goals, and not every eligible or targeted customer would benefit.
- It should be noted that saving energy, or reducing demand, lessens the need for new power plants, the substantial cost of which is borne by all customers.
- Unlike energy conservation measures considered under FEECA, new power plants are NOT assessed based on their impact on electric rates.

Outreach and Opportunities

There has been concern that establishment of a higher energy conservation goal will result in inequitable benefits for FPL customers, with the delivery of appliance rebate programs to higher income individuals at the expense of lower income residents.

The proposed resolution specifically recommends meeting the recommended goals through programs directed toward lower income individuals, such as those delivered as part of weatherization programs which include income requirements. These programs focus on improving insulation (attics and walls), reducing air leakage (weather stripping, sealing outlets and vents, window replacement), and replacing inefficient appliances.

It is possible to reach large numbers of low-income customers:

- TECO reached 23.4% of eligible low-income customers for its low-income weatherization program from 2015-2018.
- Duke Energy reached 14.94% of eligible low-income customers for its low-income weatherization program from 2015-2018.
- FPL reached 0.68% of its eligible low-income customers for its low-income weatherization program from 2015-2018.